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SECURITY INFORMATION

EIC-M-12  
28 February 1952

CIA No. 432207

ECONOMIC INTELLIGENCE COMMITTEE

Minutes of Meeting held in  
Room 2101, Temporary "M" Building  
26th and Constitution Avenue, N. W.

31 January 1952

PRESENT:

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Dr. Max F. Millikan, CIA, Chairman  
[REDACTED], CIA, Secretary  
CIA  
Mr. Edward Doherty, State  
Mr. Howard Wiedemann, State  
Mr. Dudley Kirk, State  
Mr. John F. Kullgren, Army  
Cdr. Donald C. Deane, Navy  
Dr. George Kidd, Navy  
Dr. James T. Lowe, Air  
Mr. John W. Easton, JCS  
Mr. Emil E. Schnellbacher, Commerce  
Mr. William G. Welk, MSA  
Mr. Kenneth R. Hansen, MSA ODMS  
Mr. Edward Ames, Federal Reserve  
Mr. P. L. Brokaw, Interior

APPROVAL OF MINUTES

1. Action: The minutes of the Economic Intelligence Committee meeting of 10 January 1952 (EIC-M-11) were approved.

NOMINATIONS OF MEMBERS TO SUBCOMMITTEES

2. Action: The following group of agency nominations to the Subcommittee on International Trade and Finance was approved by the EIC as the basic membership for this Subcommittee:

Mr. Baxter Wood, Army (Associate Member)  
Lt. W. F. Grant, Navy (Associate Member)  
Mr. A. Reifman, State  
Mr. Louis Feffer, State

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[REDACTED] CIA  
[REDACTED] CIA

Mr. Edward Ames, Federal Reserve  
Mr. William Welk, MSA (Associate Member)

3. Mr. Reifman, State, was proposed as Chairman of the Subcommittee on International Trade and Finance, and Mr. Doherty, State, agreed to prepare a curriculum vitae on Mr. Reifman, which will be distributed by the EIC Secretary to EIC members. Other proposals for the chairmanship of this Subcommittee are to be made by telephone to the Secretary by the close of business on 1 February 1952.

4. A list of nominations for membership on the Subcommittee on Economic Analysis was distributed to EIC members. Mr. Herbert Block, State, was suggested to serve as Chairman of this Subcommittee. Members were directed to call the Secretary by 7 February 1952 to make additional recommendations for the Chairman of this Subcommittee as well as to indicate whether or not the nominations made are all acceptable. Nominations to this Subcommittee included:

Mr. John F. Kullgren, Army (Associate Member)  
Mr. Herbert Block, State  
Mr. Henry Brodie, State

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[REDACTED] CIA  
Mr. Edward Ames, Federal Reserve (Associate Member)  
Mr. William A. Salant, MSA (Associate Member)  
Mr. Edward F. Denison, Commerce (Associate Member)

PROPOSAL REGARDING PRINCIPLES OF SUBCOMMITTEE MEMBERSHIP AND ASSOCIATE MEMBERSHIP

5. Action: The EIC agreed, with a few modifications, to the proposed statement of principles governing subcommittee membership, associate membership, and consultants, which was distributed at the meeting. The Executive Secretary was directed to make the suggested revisions and distribute copies to EIC members as well as to Chairmen of existing and future subcommittees.

6. It was agreed that at the time an agency makes a nomination to a subcommittee, the agency should indicate to the EIC Secretariat whether its interest in the subject warrants full or associate membership.

7. Discussion: Dr. Millikan, CIA, explained the principles employed in distinguishing between full and associate members of the EIC. Full members were to represent agencies who would have an interest in almost everything the committee would take up, whereas associate members would represent agencies whose interest in subjects taken up by the EIC would range from those who would have an interest in a great many to those who would have an interest in only

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a very few. The line finally was drawn to designate representatives of IAC agencies as full members and those from non-IAC agencies as associate members. Full members are invited to attend every meeting, whereas associate members attend only those meetings scheduled to consider items in which they are particularly interested. This procedure holds down the attendance at meetings to manageable proportions.

8. A draft statement, prepared by CIA and Department of State representatives, setting forth the principles involved in Subcommittee membership, associate membership, and consultants, was distributed to the EIC members.

9. It was agreed that the EIC would accept the view that there be no associate members or consultants on EIC subcommittees and working groups from components of the Army other than G-2. On those occasions when the subcommittees and working groups require the services of these other components, the G-2 representative will undertake to mobilize their services.

PROPOSAL FOR EXCHANGE OF INFORMATION ON THE ACTIVITIES OF REPRESENTATIVES ABROAD

10. Action: It was agreed that the proposal for the exchange of information on the activities of representatives abroad would be put into effect immediately with one suggested addition. The Executive Secretary was directed to make this addition and have copies of the revised proposal distributed to all EIC members and associate members for guidance in the implementation of the exchange procedure.

11. Discussion: Dr. Millikan, CIA, set forth the reasons for CIA's making this proposal. He stated that it was CIA's feeling that it would be useful to exchange information through the EIC Executive Secretary as to special foreign missions proposed or being undertaken. Interested agencies could then contact the sponsoring agency to arrange for additional questions to be looked into, suggest joint missions, or to notify their own people abroad of this mission.

12. Dr. <sup>25X1X7A</sup>Millikan told EIC members present that CIA presently has one man on duty with [REDACTED], and that two foreign missions are presently being planned. These are: (1) a team of five economic specialists to go to [REDACTED] for the purpose of giving guidance on the collection of information, and (2) several teams being organized on a rush basis to do some analysis of captured material in the Korean theater. 25X1X7

PROPOSAL FOR A SUBCOMMITTEE ON POPULATION AND MANPOWER

13. Action: The EIC approved the transfer of the Advisory Committee on International Population Statistics to the EIC as the Subcommittee on Population and Manpower.

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14. The Executive Secretary was directed to notify the IAC that the EIC had established a Subcommittee on Population and Manpower and suggest to them that they assign the function of the coordination of international population statistics to the EIC.

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15. Mr. Doherty, State, nominated [REDACTED] to serve as Chairman of the Subcommittee on Population and Manpower. EIC members are to contact the Executive Secretary by 7 February if they have any additional nominations as committee members or as chairman.

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16. Discussion: [REDACTED], CIA, and Mr. Kirk, State, both members of the Advisory Committee on International Population Statistics, were present at the EIC meeting to participate in the discussion. [REDACTED] explained that this Advisory Committee was originally established by the Director of Central Intelligence to direct the Census Bureau project on international population statistics. The Committee then undertook the additional task of screening and coordinating IAC requirements on this subject. 25X1A9a

PROPOSAL FOR AN ADVISORY GROUP ON ECONOMIC CONCEPTS AND METHODS

17. Action: Revised proposed terms of reference for an Advisory Group on Economic Concepts and Methods were distributed to EIC members. If no objections to these terms of reference are communicated to the Executive Secretary by 1 February, it will be assumed that the proposed terms of reference are accepted by the EIC.

18. EIC members were directed to notify EIC Secretary if they have any recommendations for membership on this Advisory Group. Such recommendations should be made by 7 February 1952.

19. Discussion: It was pointed out that this is to be a body consisting exclusively of consultants selected primarily on the basis of personal qualifications rather than on the basis of their position in an agency.

PROPOSAL FOR ESTABLISHMENT OF ADDITIONAL EIC SUBCOMMITTEES

20. Action: It was agreed to include on the agenda for the next EIC meeting, a discussion of the rationale for a comprehensive list of subcommittees, including not only existing subcommittees, but also those which might be set up in the future to cover other segments of the economy.

21. Discussion: Mr. Wiedemann, State, suggested the immediate establishment of a Subcommittee on Metals and Minerals and one on Engineering Industries. It was agreed that such subcommittees would be extremely useful but there was some

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question as to how rapidly the EIC should proceed with the establishment of new subcommittees.


GOVERNMENT-WIDE SURVEY ON ECONOMIC RESEARCH RELATING TO COMMUNIST CHINA

22. Discussion: There is general concern about the adequacy of intelligence in the US Government on Communist China. At the request of the Office of National Estimates, CIA, the EIC has undertaken a preliminary survey to determine the research effort on this subject in the US Government. The EIC may then wish to make recommendations about what should be done to improve this situation. After this survey has been reviewed by the EIC, it will be presented to the IAC together with a Special Estimate on China which will reveal limitations on our present information.

ALTERNATE CHAIRMEN FOR EIC SUBCOMMITTEES

23. Action: It was agreed that Subcommittee members can select an alternate Chairman to serve during the temporary absence of the Chairman.

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Executive Secretary  
Economic Intelligence Committee

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